

Why legacy planning shouldn't wait until retirement



Taxes are constantly changing. And, this could lead to unanticipated tax risk for your clients and their heirs. That's why many Americans are not waiting until retirement to prepare. Here's an example of what your clients might do now to protect their assets and their loved ones who will inherit them.

An asset for tax diversification

Rick is age 55. He and his wife, Tina have two adult children. This couple recently sold their home and moved to a condo in town. They made a nice profit on the sale, and Rick is ready to use part of the money in a tax-efficient way.



Rick's goals

- Finding an asset that offers tax-advantaged growth
- Creating a legacy for his children without creating tax risk for them
- Establishing his plan for care

Rick's concerns

- Facing market risk and losing the profit he made on his home sale
- Not knowing what income and capital gains taxes will be in the future

The solution

In conjunction with Rick's tax and estate planning team, you might suggest that he purchase a \$100,000 WealthCare Indexed Single Premium Universal Life Insurance policy as a differentiated asset within his portfolio. This will provide the liquidity of a full return of principal,¹ tax advantaged growth, guarantees, an income tax-free legacy for his children, and income tax-free chronic illness benefits² if he would ever need care.

At the time of purchase, Rick chooses the Global Multi-Index Bonus HIGH PAR Strategy that offers an 65% participation rate, which can help his death benefit grow tax-deferred over time. He'll have principal protection and will never face losses due to market performance.

The outcome

WealthCare benefits ³	Guaranteed	Current
The legacy asset that will transfer to his children:		
Death benefit end of year 1	\$291,418 (federal income tax-free)	\$292,477 (federal income tax-free)
Death benefit end of year 20	\$214,286 (federal income tax-free)	\$256,027 (federal income tax-free)
If Rick cancels his policy, he'll receive:		
Return of premium day 1	\$100,000	\$100,000
Return of premium end of year 20	\$100,000	\$156,970
If Rick becomes chronically ill and cannot perform 2 of the 6 Activities of Daily Living⁴ without assistance, he'll have access to:		
Chronic illness benefits day 1	\$266,418 (federal income tax-free)	\$267,477 (federal income tax-free)
Chronic illness benefits end of year 20	\$189,286 (federal income tax-free)	\$231,027 (federal income tax-free)

Rick's Chronic Illness Benefit will be paid out in 48 equal monthly installments. A \$250 administrative fee will be deducted from the first installment.

Your client should consult their tax advisor prior to engaging in tax-impacting strategies.

If you think taxes will rise, now's the time to diversify to protect legacy assets.

For more information about planning with WealthCare,
please contact us at 888-724-4267, ext. 4680, or email PRC@SagikorLifeUSA.com.

Visit us online at SagikorProducer.com

¹ Less any indebtedness, withdrawals and benefit payments.

² Chronic illness is not available on Standard risk classes, but terminal illness is available. Tax free chronic and terminal illness benefits only apply if the insured is owner of the policy. For any other ownership, chronic and terminal benefits may be taxable.

³ Illustration assumes a \$100,000 single premium WealthCare policy (issued in the state of Colorado) for a male, age 55, Preferred Non-Tobacco risk class, with 100% allocation in the Global Multi-Index Bonus HIGH PAR Strategy, featuring a 65% participation rate, 5.88% current illustrated interest rate (Assumed Interest Rate), and a 1% annual account value charge. The Global-Multi Index is made up of 50% S&P 500[®], 30% EURO STOXX[®] and 20% Hang Seng. The policy is guaranteed not to lapse if there is no indebtedness. Indebtedness could cause the policy to lapse.

Since this policy is a Modified Endowment Contract (MEC), if your client takes policy loans or withdrawals, any gains will be taxed. Loans and withdrawals taken before age 59 ½ will also be subject to a 10% penalty.

⁴ Activities of Daily Living are: bathing, eating, dressing, toileting, maintaining continence and getting in and out of a chair or bed.

The S&P 500 Index is a product of S&P Dow Jones Indices LLC or its affiliates ("SPDJI"), and has been licensed for use by Sagikor Life Insurance Company (Sagikor). Standard & Poor's[®] and S&P[®] are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones[®] is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by Sagikor. Sagikor's Product(s) are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the S&P 500 Index.

The EURO STOXX 50[®] is the intellectual property (including registered trademarks) of STOXX Limited, Zurich, Switzerland and/or its licensors ("Licensors"), which is used under license. The Products based on the Index are in no way sponsored, endorsed, sold or promoted by STOXX and its Licensors and neither of the Licensors shall have any liability with respect thereto.

The Hang Seng[®] Index (the "Index") is published and compiled by HSI Services Limited pursuant to a license from Hang Seng Data Services Limited. The mark(s) and name(s) Hang Seng Index are proprietary to Hang Seng Data Services Limited. HSI Services Limited and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Index by SAGICOR LIFE INSURANCE COMPANY in connection with the Sagikor Product(s) (the "Product"), **BUT NEITHER HSI SERVICES LIMITED NOR HANG SENG DATA SERVICES LIMITED WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE PRODUCT OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF ANY OF THE INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF THE INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT; OR (iii) THE RESULTS WHICH MAY BE OBTAINED BY ANY PERSON FROM THE USE OF THE INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT FOR ANY PURPOSE, AND NO WARRANTY OR REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO THE INDEX IS GIVEN OR MAY BE IMPLIED.** The process and basis of computation and compilation of any of the Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSI Services Limited without notice. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HSI SERVICES LIMITED OR HANG SENG DATA SERVICES LIMITED (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO ANY OF THE INDEX BY SAGICOR LIFE INSURANCE COMPANY IN CONNECTION WITH THE PRODUCT; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HSI SERVICES LIMITED IN THE COMPUTATION OF THE INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF THE INDEX WHICH IS SUPPLIED BY ANY OTHER PERSON; OR (iv) FOR ANY ECONOMIC OR OTHER LOSS WHICH MAY BE DIRECTLY OR INDIRECTLY SUSTAINED BY ANY BROKER OR HOLDER OF THE PRODUCT OR ANY OTHER PERSON DEALING WITH THE PRODUCT AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST HSI SERVICES LIMITED AND/OR HANG SENG DATA SERVICES LIMITED** in connection with the Product in any manner whatsoever by any broker, holder or other person dealing with the Product. Any broker, holder or other person dealing with the Product does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on HSI Services Limited and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and HSI Services Limited and/or Hang Seng Data Services Limited and must not be construed to have created such relationship.

Insurance and annuities issued by Sagikor Life Insurance Company. Home office: Scottsdale, AZ. Products may have limitations and restrictions including surrender charges and market value adjustments and are not available in all states. Guarantees are based on the claims-paying ability of Sagikor. Sagikor does not provide tax or estate planning advice. **Your client should consult their tax advisor prior to engaging in tax-impacting strategies.** Policy Forms: ICC191021, ICC196069, ICC196070, ICC196073 and 1021FL.

Sagikor is rated "A-" (Excellent) by A.M. Best Company (4th best out of 16 possible ratings), affirmed as of September 11, 2020. Rating based on claims-paying ability of issuing insurer.